

KLONDIKE GOLD CORP.

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE THREE MONTHS ENDED MAY 31, 2015

Corporate Information

Klondike Gold Corp (“Klondike Gold” or the “Company”) is a Canadian listed public company with its shares traded on the TSX Venture Exchange under the symbol “KG”.

The Company is a resource exploration stage company engaged in the acquisition and exploration of mineral properties. For the funding of property acquisitions and exploration that the Company conducts, the Company depends on the issuance of shares from the treasury to investors and does not use long term debt. The Company currently holds exploration properties in Canada, with a focus on the Yukon Territory. For more information, please refer to the Properties section.

Additional information relating to the Company can be found on SEDAR at www.sedar.com and also on the Company’s website at www.klondikegoldcorp.com.

Management Discussion and Analysis

This Management Discussion and Analysis (“MD&A”) should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the three months ended May 31, 2015.

The Company’s unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company’s ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing. While the Company is extending its best efforts in this regard, the outcome of these matters cannot be predicted at this time. The accompanying unaudited condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

This MD&A has been prepared as of July 16, 2015. All amounts are expressed in Canadian dollars unless otherwise stated.

Forward Looking Information

This MD&A includes some statements that may be considered “forward-looking statements”. All statements in this discussion that address the Company’s expectations about future exploration and development are forward-looking statements. Although the Company believes the expectations presented in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploration successes, availability of capital and financing, and general economic, market, and business conditions. Readers are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

Yukon Properties

Claim Owner	Property Name	Number of Claims	Area (sq km)	Area (ha)
Klondike Gold Corp.	Lone Star	746	138.2	13821.9
Klondike Gold Corp.	Lone Star Crown Grants	14	2.1	213.7
Klondike Gold Corp.	Dominion	135	25.7	2568.4
Klondike Gold Corp.	Bonanza	326	53.1	5305.1
Klondike Gold Corp.	Gold Run	86	16.6	1664.7
Klondike Gold Corp.	15 Mile Silver City	100	20.9	2090.3
Klondike Gold Corp.	Sulphur	113	20.9	2085.7
Klondike Gold Corp.	Indian River Placer	239	13.4	1341.5
Klondike Gold Corp.	Eldorado Creek Placer	114	6.8	682.5

Lone Star / Bonanza / Dominion / Gold Run (“Klondike Properties”)

Title Holder: Klondike Gold Corp.

KG Ownership: As a result of the acquisition of KSMC, the Company now owns a 100% interest in all the KG and former KSMC Klondike area quartz claims, without any royalties payable.

Acquisition Method: Earned-in/staked

Underlying Royalties: No

Land: 234 km² claims & 2.1 km² Crown Grants

Claims: 1,293 claims, 14 Crown Grants

Location: 20 km Southeast of Dawson City

586700 m E 7086000 m N, UTM ZONE 7N (NAD83)

Mineral Targets: Gold

Recent Work

Recent Exploration on the Klondike Properties

The Company's 2015 exploration program commenced in late April 2015. In May, Klondike Gold engaged GroundTruth Exploration Ltd (“GroundTruth”) of Dawson, YT as contractor for geophysical and orthophoto surveying. To date a total of 94.3 square kilometers of orthophotography and digital elevation modelling collected by unmanned aerial drone surveying has been acquired, processed, and rectified to a UTM projection mapping base. The imagery covers the Lone Star and Dominion Properties, as well as the Indian River/McKinnon Creek placer property. The high resolution imagery is an invaluable aid to prospecting and other geoscience surveys. A total of 677 line kilometers of detailed high-sensitivity ground magnetics surveying over all high-priority areas has been acquired and processed. Magnetism surveying is complete at the Dominion and Lone Star Properties.

Magnetism surveying was completed first at the Dominion Property, combined with orthophotography, and used as a mapping and prospecting base for systematic evaluation of trenches and outcrops. Mapping of all trenches was completed in late June and 154 rock grab samples from quartz veins throughout the entire property were collected and assayed. Assays from individual mineralized veins range between 0.2 g/t gold to a high of 48 g/t gold and 50 g/t silver to a high of 509 g/t silver. (This sampling is deliberately selective in nature; systematic test results may vary significantly. A “nugget effect” is evident.) These results, when combined with 2014 sampling continue to show a focussed target area of interest of some 850 meters by 200 meters extent in the central portion of the Dominion Property. Work to date shows this target contains

an outcropping array of gold-mineralized quartz veins, sporadically with visible gold, and with individual veins ranging from 0.1 meters to 3.0 meters in thickness. The area has not been diamond drill tested. Interpretation of integrated mapping, magnetic surveying, rock sampling, and structural models is in progress with the intention of defining specific drill targets. A compilation map of significant (>1 g/t Au) gold assay results for Dominion Property rock grab samples is posted to the Company's website at www.klondikegoldcorp.com.

Orthophotography surveying on the Lone Star property is complete and all data has been received. A total of 500 line kilometers of magnetic surveying is complete with 75% of data received. Mapping and sampling is in progress. To date a total of 260 rock samples have been submitted for assay with results pending. Two areas of outcropping quartz veining exhibiting visible gold have been identified and are being developed as drill targets contingent upon positive assays. Specific evaluation using detailed induced polarization ("IP") chargeability/resistivity surveying has begun on these two targets. Other areas of subcropping quartz vein material also containing visible gold are currently being investigated.

A Class 3 quartz mining land use plan ("MLUP") permit has been received for the Lone Star Property. The term of the permit is for 5 years expiring July 2020. The Class 3 MLUP permit allows Klondike Gold to conduct advanced exploration activities subject to various conditions including mitigation measures, remediation requirements, and archeological and ecological provisions among others.

Klondike Gold has completed remediation of a 600 meter long trenched area, the "JF" trench, on the Lone Star Property originally excavated some 10 years ago. The Company plans additional remediation of old disturbed areas in conjunction with systematic exploration.

Mapping and rock sampling has also been completed at Dominion Property and is well advanced at the Lone Star Property. Potential drill targets have been identified at both properties.

Work on the Klondike Properties between April and October 2014 focused on prospecting and mapping bedrock and re-examining trench exposures documenting gold-bearing quartz veins and their characteristics versus unmineralized quartz and carbonate veins. Prospecting was guided by geophysics supported by a structural model for orogenic gold deposits. The objective of 2014 field work was to determine the relationship, if any, between major faults and gold mineralized veins. A secondary objective was to better qualify rock assay data and nugget gold content in light of the obvious challenge of a 'nugget effect' due to the common presence of coarse visible gold. A total of 342 rock samples were collected for assay and submitted for analysis following the 2014 field season. A total of 35 heavy mineral concentrate samples were collected to examine and count gold grains derived from weathering of in-situ gold-bearing bedrock quartz veins. During 2014, workers identified 19 geographically diverse new sites of visible gold in outcropping bedrock quartz veins. The work successfully highlighted areas that require further investigation.

Highlights from the Lone Star Property rock sample assays are as follows:

- Prospecting samples at the Boulder Lode prospect from a newly uncovered quartz vein ("Vein 1") yield gold assays of 1,766 g/t Au, 1,007 g/t Au, and 831 g/t Au with corresponding silver assays of 400 g/t Ag, 237 g/t Ag, and 205 g/t Ag respectively. (Prospecting samples are selective in nature; systematic test results may vary significantly.)
- Prospecting samples of bedrock quartz veins from the Nugget to Buckland prospect areas assayed between 1.0 g/t Au and 19.4 g/t Au including six samples with visible gold identified in outcrop.
- Prospecting identified 19 geographically diverse previously undocumented sites of visible gold in outcropping bedrock quartz veins.
- Analysis of historical aeromagnetic surveys from Klondike Gold and the Geological Survey of Canada ("GSC") has identified a shear fault array comprised of a main dextral shear fault with associated secondary pinnate and horsetail extensional faults interpreted to transect the Klondike

goldfields. Portions of this fault network have been identified previously as “D4” faults and this fault array appears to be a primary control on “D4” gold-bearing quartz veins in Klondike area.

Highlights from the Dominion Property rock sample assays are as follows:

- Prospecting samples at the Hunker Dome prospect collected from an array of quartz veins exposed in old trenches over a 700 meter length yield gold assays of between 1 g/t and 37.1 g/t Au and silver between 8 g/t and 930 g/t Ag. Three prospecting samples across a 3 meter wide quartz vein exposed in a c.1910 prospecting shaft had gold assays of 81.3 g/t, 12.7 g/t and 7.3 g/t Au. (Prospecting samples are selective in nature; systematic test results may vary significantly.) The prospect has never been drill tested.
- Prospecting samples from the Dominion Adit 150 meters vertically beneath Hunker Dome assayed gold between 0.2 g/t and 0.6 g/t Au with silver between 10 g/t and 167 g/t Ag and are interpreted to represent vertical continuation of veining.
- Two prospecting samples from the Golden Rod prospect assayed gold between 2.1 g/t and 3.0 g/t Au with silver between 7 g/t and 13 g/t silver. Golden Rod exhibits the same type of veining as exposed at Hunker Dome and obtained from the Dominion adit, and is located 1,500 meters south of Hunker Dome.

Please refer to the news releases dated January 14, 2015, January 19, 2015 and July 16, 2015 for further details on assay results which can be found on the Company’s website at www.klondikegoldcorp.com or on SEDAR at www.sedar.com.

Previous Exploration on the Klondike Properties

Klondike Gold Corp. has previously conducted diamond drilling, trenching, soil sampling, rock sampling, geological mapping and prospecting on its Klondike Properties.

Exploration Highlights

- ❖ Boulder Lode open cut results of 1.86 g/t over 5 by 25 m, including **9.43 g/t over 2.5 by 4.2 m**
- ❖ Nugget Zone mapping, extension and grab samples of **179 g/t Au with 78 g/t Ag**
- ❖ Upper Eldorado grab samples of up to **98.8 g/t Au with 20.7 g/t Ag**
- ❖ Violet Ridge trend advancement with high sample of **47.4 g/t Au and 894 g/t Ag**

Historical Work Summary

The Klondike quartz properties have a long history starting with the 1896 placer gold discovery rush and subsequent discoveries of gold-bearing quartz veins in bedrock between 1900 and 1910. The Klondike properties contain two past-producing mines; the Lone Star (aka Boulder Lode) mine which operated from 1911-1914 and the Violet mine from 1901 to 1907.

The following is a list of the significant work completed on the project:

- ❖ 1901-1907: Violet mine development of including: 3 shafts (47, 7 and 11 m deep), 133 m of drifting and an open cut mining (15 by 4 by 5 m), and a 1065 m tramway to a cyanide mill on Ophir Creek. The mill processed 4.5 tonnes in 1905 and 1.4 tonnes in 1906.
- ❖ 1911-1914: The Lone Star mine produces 1,545 oz @ 5.20 g/t.
- ❖ 1979-1985: Dawson Eldorado Gold Exploration / Klondike Ken Ventures explored the property with geochemical sampling, a resistivity survey and trenching in 1980-81, geological mapping in 1983 and 1984 and geochemical sampling and rock sampling of old workings in 1984. In 1985, Dawson Eldorado drilled 6 percussion holes (183 m).
- ❖ 1986-1994: Arbor Resources (predecessor of Klondike Gold), in part in partnership then Kennecott Canada Inc. as part of an option agreement with Arbor conducted exploration on

the property. This included multiple geophysics grids and 196 drill holes consisting of 13,075 m of RC and percussion drilling and 8094 m of diamond drilling. In addition approximately 220 trenches were dug and over 4000 trench samples assayed as well as over 5000 soil samples across the property.

- ❖ 1995: Kennecott terminated its option agreement with Arbor Resources who changed their name to Klondike Gold Corp. in 1996.
- ❖ 1996: Newmont optioned the property and performed bulk sampling and amenability to milling tests.
- ❖ 2004: Klondike Gold Corp. entered into a joint venture with Klondike Star Mineral Corp.
- ❖ 2004- 2008: Klondike Star drilled 66 diamond holes and 6 percussion holes totaling 9291 m. Approximately 35 trenches were dug and numerous historic trenches were cleaned out and re-assayed with over 1600 samples collected as well as over 2500 soil samples. A bulk sampling program was also conducted on selected targets between 2005 and 2007 in areas identified by geologists as having anomalous mineralization.
- ❖ 2011-2013: Klondike Gold conducted limited assessment driven exploration with no significant result.

Indian River Placer

Title Holder: Klondike Gold
KG Ownership: 100%
Acquisition Method: Leased/Staked
Underlying Royalty: 5%
Land: 13.4 km²
Claims: 239 claims leased/owned
Location: 48 km SSE of Dawson City
600125 E 7062600 N, UTM ZONE 7N (NAD 83)
Mineral Targets: Gold

The Indian River Placer property is owned 100% by Klondike Gold through its acquisitions dated July 18, 2014 of KSMC and September 16, 2014 of 46799 Yukon Inc., which successfully concentrated title in one business entity, subject only to an underlying 5% production royalty to a third party.

During the year ended February 28, 2015, Klondike Gold entered into a lease agreement with Jerusalem Mining LLC, operating as 316 Mining (“316 Mining”) whereby Klondike Gold assigned to 316 Mining the rights and permits to placer mine on the “McKinnon Creek property”, Yukon. (McKinnon Creek is the term applied to the area of the Hoffman lease agreement and is a subset of the Indian River Placer property). Under the terms of the lease agreement, Klondike Gold will receive from 316 Mining a direct 15% production royalty payable in raw gold and will receive an additional 5% on behalf of the underlying third party royalty holder. The lease agreement is subject to a minimum annual payment by 316 Mining to Klondike Gold of 100 ounces raw gold or cash equivalent. The lease agreement is renewable annually for three years subject to annual approval by both parties. As of October 28, 2014 the lease for 2015 has been approved by both parties. The agreement also acknowledges that during the term of the lease as part of the development and production activities 316 Mining will be allowing employees and agents of Discovery Channel television access to the McKinnon Creek property.

The Indian River valley is located 35 km south of Dawson City and forms the southern boundary of the Klondike Gold Fields. Approximately 60% of the Indian River property has been tested by 350 auger drill holes between 2005 and 2014 to locate and delineate White Channel Gravel ‘pay streaks’. Gold was recovered from nearly 100% of the holes in the main target area. Drill results indicate gold-bearing gravels extend over a distance of more than three km (1.9 miles) and remain open for expansion to the east and south.

Test mining beginning at the north-eastern claim boundary began in 2012. A total of 120 ounces of gold was reported as recovered that year. Mining continued in 2013 with a total of 210 ounces of gold reported as recovered. This operation was terminated by the Joint Venture in late 2013 and Klondike Gold subsequently repurchased 100% ownership and control. In 2014, Klondike Gold leased the property to 316 Mining which recovered 1,350 ounces of gold. The fineness of the gold assayed at 82%.

To date the Company has received \$216,341 in royalties on the Indian River property.

Portugal Properties

The Company acquired five exploration licenses (Balazar, Valongo, Legares, Castelo do Paiva and Ponte de Barca) totaling approximately 604 km² area prospective for gold from the Portuguese Department of Energy & Geology (“DGEG”).

In an agreement dated January 24, 2014, the Company sold its Portuguese subsidiary which owns the Portuguese exploration licenses to Medgold Resource Ltd., a subsidiary of Medgold Resources Corp. (“Medgold”), for consideration of \$500,000, which the Company has received as \$150,000 cash and \$350,000 in common shares of Medgold.

Klondike Gold retains a 2% NSR on the exploration permits which may be repurchased for \$1.0 million per percentage point. Klondike Gold’s holding in Medgold totals over 2.8 million common shares.

British Columbia Properties

The Company’s properties under current exploration and evaluation include non-contiguous groups of claims acquired by staking and option agreements in the southeastern mountain region of British Columbia. The properties are prospective for gold, and also for lead-zinc-silver mineralization. The following table summarizes the claims as at May 31, 2015:

Claim Owner	Property Name	Number of Claims	Area (sq km)	Area (ha)
Klondike Gold Corp.	Panda Irishman	5	17.1	1708.1
Klondike Gold Corp.	Thea	1	14.1	1412.0
Klondike Gold Corp.	Quartz Mountain	65	36.8	3680.8
Klondike Gold Corp.	Clubine	5	2.3	232.0
Klondike Gold Corp.	Cold Creek	21	69.2	6923.4
Klondike Gold Corp.	Cruz-Midway	36	16.2	1624.1
Klondike Gold Corp.	Hughes Range	8	21.0	2103.2
Klondike Gold Corp.	Red Point	9	32.6	3259.0
Klondike Gold Corp.	Ron Gold	29	11.7	1166.9

Vine Property

On February 27, 2014, the Company completed a purchase and sale agreement with PJX Resources Inc. (“PJX”) for the acquisition by PJX of 100% of Klondike’s Vine Extension Property comprised of 84 claims totaling 6,300 hectares located near Cranbrook, British Columbia, Canada. PJX has purchased 100% of the Company’s interest in the Property by issuing 700,000 common shares to the Company. In addition to the payment of shares, the Company retains a royalty equal to 1% of net smelter returns from minerals produced from the Property.

Ontario Property

The Company maintains a 100% interest in a small property in Ontario adjacent to the Young-Davidson mine operated by AuRico Gold Inc. The property will remain in good standing until 2017 without further expenditure.

Claim Owner	Property Name	Number of Claims	Area (sq km)	Area (sq km)
Klondike Gold Corp.	Matarrow	1	0.5	49.4

Overall Financial Performance

Financial Condition

As at May 31, 2015, a total of \$7.80 million was held in exploration and evaluation assets (February 28, 2015 - \$7.72 million) all of which was invested in the Yukon. Total assets decreased to \$9.61 million (February 28, 2015 - \$9.71 million), total liabilities decreased to \$0.28 million (February 28, 2015 - \$0.30 million) and shareholders' equity decreased to \$9.33 million (February 28, 2015 - \$9.41 million).

Results from Operations

During the three months ended May 31, 2015, the Company's cash decreased by \$99,464. Cash used in financing activities included \$18,000 in mortgage payments. Cash provided by investing activities included \$93,120 in sales of available-for-sale investments (2014 - \$3,222) partially offset by \$76,494 used to fund exploration and evaluation expenditures. Cash used in operating activities totaled \$98,090 (2014 - \$93,160).

The Company's net loss for the period ended May 31, 2015 was \$131,839 which was down from \$242,697 for the three months ended May 31, 2014. Operating expenses were \$158,867 for the three months ended May 31, 2015 compared to \$200,194 for the three months ended May 31, 2014. The significant reduction is due to the fact that management has implemented a series of cost cutting measures while restructuring the company.

Summary of Quarterly Results

Quarter Ended

	May 31, 2015	Feb. 28, 2015	Nov. 30, 2014	Aug. 31, 2014
	\$	\$	\$	\$
Other Income (Loss)	27,028	(564,986)	(184,689)	31,847
Net Income (Loss)	(131,839)	(1,083,754)	41,995	(247,728)
Net Income (Loss) Per Share	(0.00)	(0.03)	0.00	(0.02)

	May 31, 2014	Feb. 28, 2014	Nov. 30, 2013	Aug. 30, 2013
	\$	\$	\$	\$
Other Income (Loss)	42,503	(4,084,730)	(96,263)	(117,369)
Net Income (Loss)	(242,697)	(4,433,114)	(355,171)	(816,212)
Net Income (Loss) Per Share	(0.02)	(0.38)	(0.03)	(0.04)

Net loss for the quarter ended February 28, 2015 includes a write-down of equipment of \$524,537 (2014: nil). The increase in net income in the quarter ended November 30, 2014 is due to a reduction in operating expenditures as well as a gain on disposition of KG46 as discussed in *Results of Operations*. The net

losses in the quarter ended February 28, 2014 includes write-off of exploration and evaluation assets of \$4,201,000.

Financial Liquidity and Capital Resources

Working Capital

The Company had working capital of \$759,807 at May 31, 2015 compared to working capital of \$796,714 at February 28, 2015. The Company's cash position at May 31, 2015 was \$857,134 and at February 28, 2015 was \$956,598.

Transactions with Related Parties

The Company entered into the following transactions and had the following balances payable with related parties during the three months ended May 31, 2015. The transactions were recorded at fair value. Balances outstanding are non-interest bearing, unsecured and had no specific terms for collection or repayment.

- a) The Company was charged consulting fees of \$34,500 (May 31, 2014 – \$34,500) to Atlantic Zinc Resources Ltd., a company owned by the CEO of the Company. As at May 31, 2015, \$12,075 was payable to Atlantic Zinc Resources Ltd.
- b) The Company was charged \$30,000 (May 31, 2014 – \$30,000) by Fiore Management and Advisory Corp., a company whose CEO is a director of the Company, for corporate administration services.

New Accounting Standards and Interpretations

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9 - Financial Instruments was issued in November 2009 and covers the classification and measurement of financial assets as part of its project to replace IAS 39 - Financial Instruments: Recognition and Measurement. In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is applicable for periods beginning on or after January 1, 2017. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2018.

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position. Disclosure changes are anticipated.

Financial Instruments and Other Instruments

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market prices of base and precious metals including gold, silver, zinc

and lead, and the outlook for these metals. The Company does not have any hedging or other derivative contracts respecting its operations.

Market prices for metals historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators. The Company has elected not to actively manage its commodity price risk, as the nature of Company's business is in exploration.

Liquidity Risk

The liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk through careful management of its financial obligations in relation to its cash position. Using budgeting processes the Company manages its liquidity requirements based on expected cash flow to ensure there are adequate funds to meet the short term obligations during the year.

During the past years the Company has been able to maintain its liquidity position through private placements.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currency.

Outstanding Share Data

Authorized share capital

The authorized share capital consists of an unlimited number of common shares.

Common Shares

As at the date of this MD&A, an aggregate of 33,809,266 common shares are issued and outstanding.

Preferred Shares

As at the date of this MD&A, there are nil preferred shares issued and outstanding.

Warrants

As at the date of this MD&A, the Company has the following warrants outstanding:

Number Outstanding	Exercise Price Per Share	Expiry Date
293,750	\$2.00	October 22, 2015
60,000	\$1.20	October 30, 2016
2,155,788	\$1.00	January 18, 2017
9,568,082	\$0.20	November 17, 2017
933,395	\$0.20	December 15, 2017
13,011,015		

Options

As at the date of this MD&A, the Company has the following options outstanding:

Number Outstanding	Exercise Price Per Share	Expiry Date
2,850,000	\$0.12	December 16, 2024

Additional Disclosure

Contractual Obligations

The Company has future obligations under various contracts relating to an operating lease and minimum conditional and non-conditional exploration commitments to keep properties agreements in good standing. The obligations for any conditional exploration expenditures are non-binding, as the Company has the option to relinquish these licenses and any right to the properties at any time. A summary of these contractual obligations (based on undiscounted cash flows) as at May 31, 2015:

	Total	< 1 Year	1-3 Years	3-5 Years	5+ Years
Operating Lease	\$35,206	\$23,296	\$11,910	\$Nil	\$Nil

The Company holds a mortgage with a remaining term of 0.1 years. KG46's commitment for future minimum payments in respect of the mortgage commitment is as follows:

	Total	< 1 Year	1-3 Years	3-5 Years	5+ Years
Mortgage	\$158,000	\$158,000	\$Nil	\$Nil	\$Nil

Risks and Uncertainties

The Company is subject to a number of risks and uncertainties due to the nature of its business. The Company's exploration and development activities expose the Company to various financial and operational risks that could have a significant impact on its level of operating cash flows in the future. Readers are advised to study and consider risk factors stressed below. The following are identified as main risk factors that could cause actual results to differ materially from those stated in any forward-looking statements made by, or on behalf of, the Company.

Financing

The Company's future financial success depends on the ability to raise additional capital from the issue of shares or the discovery of properties which could be economically justifiable to develop. Such development could take years to complete and resulting income, if any, is difficult to determine. The sales value of any mineralization potentially discovered by the Company is largely dependent upon factors beyond the Company's control, such as the market value of the products produced.

Properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

General Resource Exploration Risks and Competitive Conditions

The resource exploration industry is an inherently risky business with significant capital expenditures and volatile metals markets. The marketability of any minerals discovered may be affected by numerous factors that are beyond the Company's control and which cannot be predicted, such as market fluctuations, mineral markets and processing equipment, and changes to government regulations, including those relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. This industry is intensely competitive and there is no guarantee that, even if commercial

quantities are discovered, a profitable market will exist for their sale. The Company competes with other junior exploration companies for the acquisition of mineral claims as well for the engagement of qualified contractors. Metal prices have fluctuated widely in recent years, and they are determined in international markets over which the Company has no influence.

Governmental Regulation

Regulatory standards continue to change, making the review process longer, more complex and therefore more expensive. Exploration and development on the Company's properties are affected by government regulations relating to such matters as environmental protection, health, safety and labour, mining law reform, restrictions on production, price control, tax increases, maintenance of claims, and tenure. There is no assurance that future changes in such regulations couldn't result in additional expenses and capital expenditures, decreasing availability of capital, increased competition, reserve uncertainty, title risks, and delays in operations. The Company relies on the expertise and commitment of its management team, advisors, employees and contractors to ensure compliance with current laws.

Outlook

In February 2015 the Company announced that the Board approved an \$800,000 exploration program focused on the Lone Star and Dominion Properties. The program commenced in late April 2015 and is currently under budget and approximately one month ahead of planned schedule. The program consists of the collection of target specific geophysics, soil geochemistry, trenching, plus prospecting and mapping. Potential drill targets have been identified on both the Dominion and Lone Star properties and plans for a 2015 drill program are currently in progress.

The technical and scientific information contained within the Management Discussion and Analysis has been reviewed and approved by Peter Tallman, P.Ge., President and CEO of the Company and Qualified Person as defined by National Instrument 43-101 policy.